

TO: Mayor and City Council

FROM: John McDonough, City Manager

DATE: February 6, 2015 for submission on the February 17, 2015 City Council Regular Meeting Agenda

ITEM: Resolution to Specify a New Excise Tax Rate (Hotel/Motel Tax); To identify the Project for Tourism Development Purposes; To Specify the Allocation of Proceeds; and for Other Purposes

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### **City Attorney's Recommendation**

The City Attorney's Office recommends that City Council approve the attached resolution.

### **Background and Discussion**

Currently the City is levying an excise tax in the amount of seven percent (7%) on the value of rooms, lodgings and accommodations ("Hotel/Motel Tax") pursuant to OCGA § 48-13-51(a)(5). Statutory provisions require the City to expend a portion of its Hotel/Motel Tax toward funding the Georgia Dome ("Obligation"). Under current statutory requirements, the City is required to continue to levy a seven percent (7%) Hotel/Motel Tax until the contractual obligations relating to the Georgia Dome for which revenue was pledged are satisfied, so that the rights of the holders of any obligations, such as bonds or other financing, are not in any way impaired or diminished.

When the Obligation is satisfied, the City may increase the amount of its Hotel/Motel Tax to eight percent (8%) upon the passage of a resolution specifying the new excise tax rate, identifying the project for tourism development purposes, and specifying the allocation of proceeds. In addition, the General Assembly must pass a local act authorizing the eight percent (8%) levy.

The increase in Hotel/Motel Tax would provide the City with additional funds to be specifically allocated for meeting, convention, exhibit, and public assembly facilities and/or performing arts facilities in the City.

The attached resolution is in anticipation of the satisfaction of the obligation and provides for the increase to be effective on the first day of the month following thirty (30) days after the Obligation is satisfied. Upon adoption of the attached resolution, the City will proceed towards authorization of the Hotel/Motel Tax by local act of the General Assembly.

### **Alternative**

Not authorize an increase in the Hotel/Motel Tax from seven percent (7%) to eight percent (8%).

### **Attachment**

Resolution.

**RESOLUTION NO. 2015-02-XX**

**STATE OF GEORGIA  
COUNTY OF FULTON**

**RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SANDY SPRINGS PURSUANT TO OCGA § 48-13-51(b) TO SPECIFY A NEW EXCISE TAX RATE (HOTEL/MOTEL TAX); TO IDENTIFY THE PROJECT FOR TOURISM DEVELOPMENT PURPOSES; TO SPECIFY THE ALLOCATION OF PROCEEDS; AND FOR OTHER PURPOSES**

**WHEREAS**, pursuant to OCGA § 48-13-51(a)(5), the City of Sandy Springs ("City") currently imposes an excise tax rate in the amount of seven percent (7%) on the value of rooms, lodgings and accommodations ("Hotel/Motel Tax"); and

**WHEREAS**, pursuant to OCGA § 48-13-51(a)(5)(A)(ii), the City is required to, and currently does, expend a portion of its Hotel/Motel Tax toward funding a multipurpose domed stadium facility ("Obligation"); and

**WHEREAS**, the Mayor and Council have determined that it is in the City's best interest to change the excise tax rate to eight percent (8%) pursuant to the provisions of OCGA § 48-13-51(b); and

**WHEREAS**, pursuant to OCGA § 48-13-51(7)(A), any municipality which is levying an excise tax under OCGA § 48-13-51(a)(5) must leave such excise tax in effect at the rate of seven percent (7%) so long as the Obligation remains outstanding; and

**WHEREAS**, it is anticipated the Obligation will soon be satisfied; therefore, the City desires to adopt this Resolution in anticipation of that event to express its intent to levy an eight percent (8%) Hotel/Motel Tax pursuant to the provisions of OCGA § 48-13-51(b), to be effective on the first day following thirty (30) days after the satisfaction of the Obligation, provided there is passage of a local act by the General Assembly authorizing this levy;

**NOW, THEREFORE, BE IT RESOLVED BY COUNCIL OF THE CITY OF SANDY SPRINGS, GEORGIA, AND IT IS RESOLVED BY AUTHORITY OF SAID COUNCIL THAT:**

1. There shall be paid a Hotel/Motel Tax of eight percent (8%) of the rent for every occupancy of a guest room in a hotel, motel, inn, lodge, tourist cabin, campground or any other place in which rooms, lodging or accommodations are regularly or periodically furnished for value in the City, all in accordance with the provisions of OCGA § 48-13-51(b)(1) through (6), effective on the first day of the month following thirty (30) days after the satisfaction of the Obligation referenced in OCGA § 48-13-51(a)(5)(A)(ii), provided there is passage of a local act by the General Assembly authorizing this levy.

2. In each fiscal year during which a Hotel/Motel Tax is collected pursuant to OCGA § 48-13-51(b)(2), an amount equal to not less than fifty percent (50%) of the total amount of taxes collected that exceed the amount of taxes that would be collected at the rate of five percent (5%) shall be expended for promoting tourism, conventions, and trade shows by the destination marketing organization designated by the City.

3. The remaining amount of Hotel/Motel Taxes collected that exceed the amount of Hotel/Motel Taxes that would have been collected at the rate of five percent (5%) which are not otherwise expended under paragraph (2) above shall be expended for tourism product development, such as meeting, convention, exhibit, and public assembly facilities and/or performing arts facilities to be located in the City.

4. In each fiscal year during which a Hotel/Motel Tax is collected pursuant to OCGA § 48-13-51(b)(2), the total amount of Hotel/Motel Taxes that would have been collected at the rate of five percent (5%) shall be expended pursuant to OCGA § 48-13-51(a)(3).

5. The increased Hotel/Motel Tax shall become effective on the first day of the month following thirty (30) days after the satisfaction of the Obligation referenced in OCGA § 48-13-51(a)(5)(A)(ii), provided there is passage of a local act by the General Assembly authorizing this levy. Until satisfaction of the Obligation and the passage of a local act by the General Assembly, the Hotel/Motel Tax rate of seven percent (7%) currently levied by the City shall remain in full force and effect.

**SO RESOLVED**, this \_\_\_\_\_ day of February, 2015.

Approved:

\_\_\_\_\_  
Russell K. Paul, Mayor

Attest:

\_\_\_\_\_  
Michael D. Casey, City Clerk

(Seal)



# Summary of Hotel / Motel Tax Options

Gross Hotel Motel Taxes FY 2014  
\$55,238,630.14

	Current		Resolution*		New General Legislation	
	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>
General Fund	1.999	\$1,104,220	3.000	\$1,657,159	1.999	\$1,104,220
Hospitality	2.250	\$1,242,869	3.000	\$1,657,159	2.250	\$1,242,869
Georgia World Congress Ctr / Tourist Development Product	2.751	\$1,519,615	1.000	\$552,386	2.751	\$1,519,615
	<u>7.000</u>		<u>7.000</u>		<u>7.000</u>	

\* Assumes passing of resolution and local legislation as well as General Fund's additional 1% to be used for PAC funding - \$1,104,220